No.: 93-1069

Supreme Court, U.S.
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in the

Supreme Court of the United States

October Term, 1994

W. Simon KATZ,

Petitioner,

v.

LEAR SIEGLER, INC. and Smith & Wesson,

Respondents.

Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit.

PETITION FOR WRIT OF CERTIORARI

W. Simon Katz
PETITIONER, *PRO SE*
75 Deville Circle
Buffalo, New York 14221
(716) 632-0500

QUESTION PRESENTED FOR REVIEW

1. Whether a court, determining a summary judgment motion may resort to drawing inference against the non-movant?

2. Whether a court, determining a summary judgment motion may refuse to believe the admissible evidence of the non-movant?

PARTIES IN THE UNITED STATES DISTRICT COURT AND IN THE COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Plaintiff on the district court was the petitioner, herein, W. Simon Katz.

Defendants in the district court were Lear Siegler, Inc., and Smith & Wesson Corporation.

Armament Systems and Procedures, Inc. (of Michigan) was joined as a necessary party in the district court.

The parties to the appeal before the Federal Circuit were Katz, Lear Siegler and Smith & Wesson. Armament Systems did not participate in the Court of Appeals.

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CITATIONS TO OPINIONS BELOW

On June 3, 1986, W. Simon Katz (hereinafter, "Katz") filed a pro se Complaint in the Western District of New York alleging that Lear Siegler, Inc. (hereinafter, "LSI") had committed acts of patent infringement, of the '978 patent, under the patent laws of the United States

Service of the Summons and Complaint was made on June 6, 1986 and on June 27, 1986 LSI defaulted and Katz filed his petition and supporting documents for entry of default with the Clerk of the United States District Court for the Western District of New York.

While still in default, on July 3, 1986, LSI filed motions to dismiss, or to transfer the proceedings to the United States District Court for the District of Massachusetts.

On July 18, 1986 the Clerk, in the Western District of New York, entered default against LSI, "nunc pro tunc" to June 27, 1986.

Two weeks after the Clerks "nunc pro tunc" entry of default and more than one month after the default actually occurred, LSI filed a motion to set aside the default and to reinstate LSI's motions to dismiss, or transfer.

On September 5, 1986 LSI filed a another motion to dismiss for failure to state a claim.

On September 15, 1986 the district court, without opinion, granted LSI's motion to set aside the default.

On September 29, 1986, New York district court, Elfvin, D.J., converted LSI's Rule 12(b)(6) motion to a motion for summary judgment pursuant to Rule 56.

On February 20, 1987 the United States District Court for the Western District of New York, Elfvin, D.J., disregarding LSI's waiver of venue by its default, entered a Memorandum and Order transferring the LSI patent infringement action to the District of Massachusetts.

An appeal was taken from the transfer order of February 20, 1987 to this Court, W. Simon Katz v. Lear Siegler, Inc., Docket No. 87-1264 , said appeal was, thereafter, dismissed on a finding "[t]hat

there is no basis for jurisdiction under the circumstances"..., (Order dated May 12, 1987, Before Newman, Bissell, and Archer, Circuit Judges, Pauline Newman, C.J., for the Court.)

On February 27, 1987 the case was "filed" in the United States District Court for the District of Massachusetts, in Boston, and on March 10, 1987 the district court, Woodlock, D.J., again transferred the case to Springfield, where it was docketed as civil action number 87-0495F.

On March 13, 1987 Katz commenced an unrelated patent infringement action on the '400 patent, entitled Katz v. Batavia, et al, civil action number 87-0242E, in the United States District Court for the Western District of New York, (hereinafter

"Batavia"), against three (3) defendants, Batavia Marine and Sporting Goods, Inc., (hereinafter "Sporting Goods"), Gun Center Inc., (hereinafter "GCI"), and RSR Wholesale Inc., (hereinafter "RSR"), (collectively "Batavia defendants"). (RSR was thereafter dismissed from Batavia after taking a license.)

On June 2, 1987 LSI moved to join Smith & Wesson Corp. (which was incorporated in 1987) as a defendant, and on July 8, 1987 the district court, Ponsor, USM, allowed the joinder of the newly formed Smith & Wesson Corp. as a "defendant".

On August 17, 1987 these defendants moved for a "stay of all proceedings" pending a re-examination of the '978 patent by the Patent and Trademark Office,

which had been commenced at the request of LSI's counsel.

On September 8, 1987 the district court, Ponsor, USM, "allowed" LSI's motion for a stay of all proceedings.

On December 17, 1987, while the "stay of all proceedings" was still in effect, the Massachusetts district court, Freedman, Ch.J., without vacating the stay, allowed LSI's motion to amend its answer and file a counterclaim, which counterclaim, first brought the '400 patent, already in suit in Batavia, into issue in the Massachusetts infringement action.

On August 5, 1988, nearly one year after the district court "stayed all proceedings" and while the stay was still in full force, LSI moved for a preliminary

injunction to enjoin the plaintiff from prosecuting Batavia, supra.

On August 22, 1988, again, during the pendency of the stay "of all proceedings", LSI requested and received entry of default on the counterclaim although the stay of "all proceedings" was still in effect. (A005)

Thereafter the Patent and Trademark Office concluded the re-examination of the '978 patent, confirming claims 1-4 and adding new claims 5-7.

On October 20, 1988, the district court, Ponsor, USM, vacated the fourteen (14) month old stay order; and, "removed" the default that had been entered on the counterclaim.

In November, 1988, Katz retained the services of local counsel, (Arthur

Dionne), and patent counsel (the firm of Sutton, Magidoff & Amaral), to represent him in the Massachusetts patent action.

On November 10, 1988, LSI moved for another preliminary injunction, this time to enjoin the plaintiff from prosecuting two actions (collectively "the New York actions"), (1) Batavia, supra; and, (2) an unrelated federal diversity action, then pending in the United States District Court for the Western District of New York and entitled Katz v. Armament Systems and Procedures, Inc., civil action no. 86-1104E, (hereinafter "the New York contract action") which is sounded in breach of contract, non-payment of royalty and fraud, relating to the '717, '380, '978 and '400 patents, although only two of these four patents, (the '978 patent and

the '400 patent), were ever involved in the Massachusetts patent infringement action, and further moved to join ASP as a "necessary party".

On January 13, 1989 the United States District Court for the Western District of New York, Edmund F. Maxwell, USM sitting by consent pursuant to 28 USC § 636(c), rescheduled the dates for jury selection and trial in the New York contract action, stating:

> "[I]t will be necessary to change the date for jury selection in this [the New York contract action] from May 23, 1989 to May 8, 1989 at 10:00 a.m. Trial will commence on May 23, 1989, as previously scheduled." (Emphasis added), (Letter of January 13, 1989).

On February 24, 1989, only seventy (70) days prior to the date set for jury

selection in the New York contract action, Magistrate Ponsor issued a Report and Recommendation which "allowed" the preliminary injunction indefinitely enjoining Katz from prosecuting the New York actions.

The Massachusetts district court further "allowed" the joinder of ASP as a "defendant-in-counterclaim", in the Massachusetts patent infringement action, and denied ASP's motion to withdraw its consent to joinder.

After receipt of the Recommendation and Report of the Massachusetts district court, Ponsor, USM, supra, the New York district court, Maxwell, USM, without written order stayed proceedings in the New York contract action, including Katz's pending motions for summary judgment

against ASP and Katz's motion for injunctive relief against ASP's continued and repeated interference in Katz's enforcement of the '978, '717, '380 and '400 patents.

On May 10, 1989 the Massachusetts district court, Ponsor, USM, denied Katz's motion to reconsider the injunction and joinder issues. (A008)

On August 18, 1989 the Massachusetts district court, Freedman, Ch.J., adopted the Recommendation and Report of Magistrate Ponsor and ordered that ASP be joined as a defendant-in-counterclaim, in the Massachusetts infringement action, and ordered that Katz "be enjoined from prosecuting the pending litigation in the Western District of New York".

It is noted that on September 7, 1989, after Judge Freedman adopted the Magistrate's recommendation with regard to ASP's joinder as a defendant-in-counterclaim, the Massachusetts district court, Ponsor, USM, granted Katz's motion to strike ASP's Answer to the counterclaims.

On September 11, 1989, Katz, again acting pro se, appealed from the Order of August 18, 1989, pursuant to 28 U.S.C. § 1292(a), on the injunction, and appealed from the remainder of the Order of August 18, 1989, and the Order of February 20, 1987, for review of other issues, substantially interdependent with the injunction, under the doctrine of pendent appellate jurisdiction.

On September 18, 1989, that appeal was docketed by the Clerk of this Court as Appeal Number 89-1730.

On July 25, 1990 this Court, Pauline Newman, Circuit Judge, affirmed in part, and reversed in part and held that: (1) joinder of ASP was proper in order to resolve issue of patent holder's capacity to sue for patent infringement; (2) the district court exceeded its discretionary authority in enjoining separate action by Katz against ASP, which raised issues involving breach of contract, fraud and negligence that were not raised in patent infringement suit; and (3) district court acted within its discretion in enjoining Katz's action against Batavia.

Magistrate Ponsor, thereafter, issued his Report to the district court with

regard to LSI's summary judgment motion and Katz, thereafter, filed motions to reconsider and objections pursuant to 28 USC § 636.

On September 18, 1990, the very day that the remaining patent ('978) in question expired, the district court decided the question of LSI's summary judgment motion holding that Katz had no right to maintain the patent infringement action against LSI and granted LSI's motion to dismiss Katz's claims.[1]

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[1] After receipt of the September 18, 1990 order of the Massachusetts district court, the New York district court, Maxwell, USM, in disregard of Federal Circuit's clear holdings as to the requirement for a speedy determination of the Katz/ASP New York contract action, again, stayed all proceedings in the New York contract action pending the instant appeal of the Massachusetts patent infringement action.

Katz filed a notice of appeal from that order.

The district court, thereafter, over Katz's objections and ignoring Katz's reply to the counter-claims and further disregarding the fact that no actual controversy existed between the remaining parties, granted LSI's motion for summary judgment on validity and non-infringement.

Katz thereafter filed a notice of appeal from the entry of that final judgment resulting a timely appeal of the final judgment on summary judgment.

That appeal was docketed in November, 1990, argued on July 8, 1991 and on July 12, 1993, more than two years after the case was argued, the Federal vacated and remanded in a holding which, in-part, found that Katz was <u>not</u> entitled to

protection from the unrecorded ASP/Theodore agreements under 35 USC § 261 inferring that Katz should have been on "inquiry notice" of the so-called ASP assignment.

A timely petition for rehearing was filed and on September 29, 1993 the Federal Circuit GRANTED rehearing and entered an amended Order after which the Circuit's mandate issued on October 20, 1993.

JURISDICTIONAL STATEMENT

This Court's jurisdiction is invoked pursuant to 28 U.S.C. §1254.

The Court of Appeals opinion, as modified, was filed September 29, 1993, and pursuant to 28 U.S.C. §2101 and United States Supreme Court Rules the present appeal is timely and appropriate for consideration by this Court.

STATUTORY PROVISIONS INVOLVED

TITLE 35, U.S.C. § 261 . . . . . .App-54

STATEMENT OF THE CASE

In 1985 W. Simon Katz, a physically handicapped businessman purchased a number of patents from the inventor of these patents, Paris Theodore.

Katz also purchased, from Theodore, an assignment of a license related to four of the Theodore patents and was with a

corporation known as Armament Systems and Procedures, Inc. (Mich.) and which Theodore advised Katz, prior to the assignment, was in breach due to ASP's failure to pay any royalties.

Upon the purchase of the patents and the assignment of the breached ASP license, Katz recorded the assignments in the Patent Office as required by 35 USC §261 and notified ASP of the change of ownership.

Theodore also confirmed the sale and assignment.

Upon such notification, ASP neither made any claim of ownership nor challenged Theodore's ability to sell the patents or to assign the license.

In-fact, ASP remained silent for more than one year until it appeared in Katz v.

Male-town, supra, and attempted to assert its ownership of the Theodore patents on the theory that the ASP license, when combined with an until then secret "first amendment" constituted an assignment of the Theodore patents which divested Katz, as Theodore's assignee, of the right to sue.

The court in Male-town, supra, denied that defendant's motion for summary judgment on the issue of standing and later entered judgment against Male-town and in favor of Katz on the patents.

Thereafter, Lear Siegler and then Smith & Wesson attempted, with the cooperation of the licensee-in-breach Armament Systems and Procedures, Inc. (Mich.) to make the same argument in the case, below.

As part of his opposition to Lear Siegler's summary judgment motion, Katz asserted that he was a purchaser for value, without notice, who had recorded his assignment in the face of the unknown and unrecorded so-called assignment claimed by ASP and Lear Siegler.

Katz argued that as such, he was entitled to the protections of 35 USC § 261 and that the ASP so-called assignment, if it was in-fact an assignment at all, was void as to Katz, a subsequent purchaser for value, without notice.

Katz supports this contention, in accord with Rule 56, Fed.R.Civ.P., with a first person affirmation (App-xxx) which affirmatively states that Katz had no notice of the "first amendment" or any assignment.

Neither ASP or Lear Siegler submitted any evidence, pursuant to Rule 56, that disputes Katz's claim that he had no notice.

The District Court and the Circuit Court of Appeals denied Katz protection under §261 inferring that Katz should have been on "inquiry notice" of the assignment.

Katz now seeks to reverse that determination on the grounds that it was the result of improper inferences drawn against Katz, the non-movant, in this summary judgment motion.

ARGUMENT

The Federal Circuit found in it opinion (App-XXX) that "[n]o facts relating to the negotiations and purchase of Theodore's patents was presented, nor

did Katz indicate whether he asked Theodore, or that Theodore made any representations to him, about the patents or about the extent of Theodore's contractual relationship with ASP" (App-xxx)

This statement is factually not consistent with the record below and the evidence before the Court and can only have been arrived at by inference drawn against Katz the non-movant in violation of the clear holdings of this Court.

A reading of the assignment of the '978 and '400 patents which were before the courts below, clearly show that Katz and Theodore discussed the ownership of the patents and that Katz was assured, and Theodore affirmatively stated to Katz that

Theodore was "the owner of all right, title and interest" in the patents.

If any inference is to be drawn from the evidence under Rule 56 as to the representations made by Theodore and the discussions that must have transpired to result in Theodore's assertion of his ownership in the notarized assignments it must be that Katz and Theodore discussed Theodore's ownership and Theodore thereafter affirmed his ownership in the document of assignment.

The evidence contained in the assignment,

The Court of Appeals, as did the district court, found that the fact that Katz knew that ASP was making patented goods (App-xxx) should have triggered inquiry into the Amendment, however, this

fact is fully consistent with the June 15, 1978 license alone, and nothing with regard to this fact is dependent upon the amendment. It would be reasonable to infer, as did Katz, that ASP was operating to make product under the license, without the secret amendment, because the license, on its own, permitted such conduct on its face.

The Court also drew inference that the fact that Katz knew that ASP never paid royalties (App-xxx) should have triggered inquiry into the Amendment, however, the payment, or non-payment of royalties is within the scope of the license alone and nothing with regard to this "fact" is dependent upon any amendment. The courts inference that ASP's failure to pay should have led Katz to

inquire as to an assignment is simply unreasonable and violates the standards set down by *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 106 S.Ct. 2505.

The Circuit Court of Appeals also found that the fact that Katz twice contacted ASP regarding the patents at issue (App-xxx) should have triggered inquiry into the secret amendment, however, ASP's response to the notices and contact referred to is fully consistent with the June 15, 1978 license alone and nothing with regard to this conduct justifies an inference against Katz, and contacts, justifies any inferrence, at all, within the scope of this Rule 56 motion, and the review de novo, it is respectfully argued that the only inference that can be drawn is that Katz

gave ASP prompt notice of his assignment, on the belief that Katz was dealing with a licensee that had boldly and without justification failed to ever pay even one cent in royalties, or to even send the licensor one of the many accountings due under the license. Again, all this is fully consistent with the license of June 15, 1978, alone, and does not require any fact related to the so-called "first amendment".

However, it is ASP's silence to Katz's contacts, (informing ASP of the Theodore-Katz assignment), that literally screams out for consideration. Implicit in Katz's argument, and fully consistent with the proposition that Katz was without notice, as §261 envisions, is the fact that ASP, (upon being told that Theodore

had sold Katz the patents that ASP wants this Court to believe it owned), perceived no need to mention to Katz or Theodore that ASP claimed an assignment of the same patents.

It is respectfully argued that the only inference that can be drawn from ASP's failure to remedy the apparent lack of notice in Katz's contacts as well as ASP's equal silence to Theodore's letter announcing the assignment to Katz is that ASP acquiesced to Katz's claim to ownership and that Katz relied upon that silence and acquiescence, to Katz's detriment. Certainly no inference can be drawn, against Katz, from the fact that ASP kept its alleged "assignment" a secret, never recorded it and when advised of the assignment to Katz, remained silent

for more than one year before telling anyone that the amendment existed and that the amendment when read with the license constituted an assignment. Surely that conduct by ASP constitutes no trigger for inquiry notice. Again, all this is fully consistent with the license of June 15, 1978 alone and does not require any fact related to the first amendment.

It should also be noted that the Court found (App-xxx) that Katz's "purpose in acquiring the patents at issue was to enforce them against purported infringers by litigation or threat of litigation". While such purpose is neither improper or illegal, and Katz freely admits that vigorous enforcement of intellectual property rights tends to strengthen his manufacturing, licensing and royalty

related activities, the attribution of a singular intent on Katz's part as to these patents, without support in the record is yet another improper inference drawn in violation of Rule 56.

As a matter of fact, Katz's education[2]. legal training[3], business operations[4], and purpose for acquisition of the Theodore Patents[5], have never been

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2 Katz is a high school drop-out who obtained his GED after service in the United States Army.

3 Katz has no formal law school training.

4 Katz's business involves the manufacture, sale, licensing and management of various intellectual property, including but not limited to, patents.

5 Katz's plans to manufacture and license the Theodore patents at issue in this case were rendered impossible due to the controversy which was to be resolved in Katz v. ASP on the contract issues. It should be noted that the other Theodore patents acquired by Katz were, when appropriate, used in manufacture, licensed and otherwise managed by Katz as is his usual practice with regard to any intellectual property owned by Katz. Therefore, in the absence of a factual

the subject of any inquiry in this case and any inference drawn from the Court's perception of Katz, beyond the scope of Rule 56, should not result in the grant of summary judgment to LSI on the issue of §261.

It is respectfully argued that under the burden required for the grant of summary judgment, under Rule 56, the movant's total absence of facts in support of "inquiry notice" and the non-movant's benefit of all doubts and inferences should resolve the matter in Katz's favor, at least until the jury has a chance to hear and see Katz, Theodore and Parsons testify and thereby determine who's version of the truth is believable. *U.S.*

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inquiry into Katz's purpose and intent, this "fact" is simply unsupported in the record.

v. Diebold, Inc., 369 U.S. at 655; *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 106 S.Ct. 2505 .

Finally, the standard that is created by this case places the burden upon Katz, and all assignees who come after Katz, to have proven the negative, or the absence of facts constituting notice, to avoid the pitfalls of "inquiry notice" in a summary judgment context.

Hereafter, under the instant standard, even after "inquiry" of the PTO was without notice of the alleged assignment; and even after "inquiry" of the patentee's (Theodore's) written assignment and affirmative claims to ownership and capacity to sell the patents; and even after "inquiry" of ASP when Katz twice contacted ASP to advise

ASP of the assignment; and with no notice from ASP that Theodore had sold Katz the same patents that ASP owned; and even after Theodore's notice to ASP went without any claim or "notice" to Katz that a prior so-called assignment existed which might impact upon Katz's equitable rights; and even after ASP's deliberate failure to record under 35 U.S.C. § 261, or otherwise notify Katz continued for more than one year, Katz is held, by inferrence, to have failed some "inquiry" that the law in existence at the time of the 1985 acquisition would have imposed upon Katz.

Such a holding is not possible absent the improper inferences drawn against Katz, the non-movant in these summary judgment proceedings.

It is respectfully submitted that each and every fact, and inference, when drawn properly under Rule 56, supports Katz's contention that he was a purchaser for value, without notice, and that the so-called "assignment" to ASP which exists only upon the weaving of the license with the amendment, if such an amendment ever legally existed, is void as against Katz under the clear and unambiguous wording of the statute. (35 U.S.C. § 261.)

It is further respectfully argued that there is no valid evidence that any matter relating to the patents in question would cause a "reasonable person" to believe that an unrecorded alleged prior assignment, (unmentioned by Theodore, and in direct contradiction of Theodore's affirmative written claim to rights in the

notarized assignment documents; unmentioned by ASP in numerous contacts) existed.

Therefore, it was inconceivable that Katz, a "reasonable" purchaser told by the inventor that he owned "all rights" to a patent, after that assertion was confirmed by the PTO, and all conduct and activities related to the patent being consistent with the unamended outstanding license, (including the uncompensated manufacture and failure to account, and the resulting breach,) would perceive a need to inquire further, or perhaps it would be more accurate to say that until this decision, that was the case.

Under the standard set in the instant case, it is respectfully submitted that no purchaser of a United States Letters

Patent will ever be sure that he has asked, or inquired, of enough people, even direct contact and notice of the subsequent assignment given to a secret assignee, who remains silent as ASP did, would fall short of the standanr of these holdings and one might never obtain the §261 protection that the Congress intended to afford the subsequant purchaser without notice

CONCLUSION

For the reasons stated above, it is respectfully submitted that a writ of certiorari should issue.

RESPECTFULLY SUBMITTED

W. Simon Katz
Petitioner, pro se,
75 Deville Circle
Buffalo, New York 14221
(716) 632-0500

W. Simon KATZ, Plaintiff-Appellant,

v.

LEAR SIEGLER, INC. and Smith & Wesson,

Defendants-Appellees.

No. 91-1094.

United States Court of Appeals,
Federal Circuit.

July 12, 1993.

As Changed on Grant of Rehearing;
Rehearing In Banc Declined

Sept. 29, 1993.

Before NEWMAN, ARCHER, and RADER, Circuit Judges.

ARCHER, Circuit Judge.

W. Simon Katz appeals from the order of the United States District Court for the District of Massachusetts, Civil Action No. 87-0495-F (Sep. 18, 1990),

granting summary judgment to Lear Siegler, Inc. and Smith & Wesson Corp. (collectively LSI), and dismissing Katz's patent infringement suit for lack of standing. Katz also appeals from an order of the United States District Court for the Western District of New York, No. CIV-86-536E (Feb. 20, 1987), transferring the instant case to the District of Massachusetts for improper venue. We vacate the above orders and remand. [FN1]

DISCUSSION

I.

A. This case is a morass of facts which we describe only to the extent necessary for resolution of this appeal. [FN2] United States Patent No. 3,758,978 (the '978 patent) and United States Design Patent No. 230,400 (the ' 400 patent), re-

lating to grips for handguns, were awarded to inventor Paris Theodore in 1973 and 1974 respectively. On June 15, 1978, Theodore and Armament Systems and Procedures, Inc. (ASP), ~~a company then owned by Theodore,~~ executed a document granting to ASP an exclusive license to make, use and sell devices covered by certain patents including the '978 and '400 patents, in return for which ASP agreed to pay to Theodore royalties (the exclusive license agreement). ASP was given a unilateral option to terminate the agreement upon 60 days notice to Theodore. On December 1, 1978, Theodore and ASP executed another document, labelled the "First Amendment to the Exclusive Patent License Agreement" (the first amendment), which stated that Theodore "hereby assigns

to [ASP] his entire right, title and interest in" certain named patents including the '978 and '400 patents. The first amendment also granted to ASP the right and "sole discretion" to sue for infringement of the patents, including the right to keep all monies collected under the patents. Neither the original exclusive license agreement nor the first amendment was recorded in the Patent and Trademark Office (PTO). See 35 U.S.C. § 261 (1988); 37 C.F.R. ss 1.331, 1.332.

After the first amendment was executed, ASP began manufacturing products which the parties agree were covered by the patents, generating sales in excess of $600,000. ASP also compiled a list of "Known Patent Infringers" but did not enforce the patents against them through

litigation. On July 11, 1983, attorneys representing Theodore sent a letter to a post office box previously used by ASP purporting to rescind the Theodore-ASP agreement of June 1978 and ordering ASP to stop using the patents. ASP asserted that it never received the letter. ASP continued manufacturing pistols covered by the patents until Katz began suing ASP's customers for infringement.

At some point Katz became interested in the '978 and '400 patents. He avers that in anticipation of purchasing an assignment from Theodore, he made a search of the assignment records of the PTO, but found no record of prior assignments of any kind of the '978 or '400 patents. Thus, on April 30, 1985, for a recited consideration of one dollar and "other and

good and valuable consideration," Theodore and Katz executed two documents assigning to Katz the "entire right, title and interest" in the '978 and '400 patents. One week later, on May 7, 1985, Theodore and Katz executed another agreement purporting to assign to Katz all rights in the Theodore-ASP exclusive license agreement, including the right to sue ASP.

This agreement, however, did not mention the first amendment. On May 10, 1985, Katz mailed a letter to ASP informing ASP that Katz was the new owner of the patents, that he was rescinding the exclusive license agreement because ASP was in breach, and that ASP should stop making and selling the patented inventions and pay to him royalties owed under the agreement. Katz acknowledges that he knew that

ASP had "been engaged in the manufacture and sale of various products incorporating the inventions" and that no royalty payments had ever been made (despite the exclusive license). Katz then recorded in the PTO the assignment by Theodore to Katz of the '978 and ' 400 patents. ASP responded to Katz's letter requesting proof of ownership. In response, Katz advised ASP by letter to search the records of the PTO. In addition, Theodore sent a letter to ASP stating that Theodore had assigned his rights to Katz.

B. On June 3, 1986, Katz filed a pro se complaint in the United States District Court for the Western District of New York asserting infringement by Lear Siegler, Inc. of Katz's '978 patent. On June 27, 1986, Lear Siegler defaulted and Katz

filed for entry of default. While in default, Lear Siegler filed motions to dismiss the case for lack of venue, or to transfer the proceedings to the United States District Court for the District of Massachusetts. Thereafter, on July 18, 1986, the district court entered default "nunc pro tunc" to June 27, 1986. On July 30, 1986, Lear Siegler moved to set aside the entry of default, and to reinstate its previous motions to dismiss for lack of venue or alternatively to transfer. On September 3, 1986, Lear Siegler filed another motion to dismiss, this one for failure to state a claim.

On September 15, 1986, without opinion, the district court granted Lear Siegler's motion to set aside the entry of default. On February 20, 1987, the dis-

trict court ordered the action transferred to the District of Massachusetts. In doing so, the New York District Court rejected Katz's argument that Lear Siegler had waived its objection to venue by defaulting. The court held that waiver need not be found where an entry of default has been unconditionally set aside. The case thus was transferred.

On July 8, 1987, the Massachusetts District Court allowed the joinder of Smith & Wesson Corp. as a defendant (forming collectively LSI). On December 17, 1987, the district court allowed LSI to amend its answer and file a counterclaim for a declaratory judgment of invalidity and noninfringement of the '978 patent, and the '400 patent which theretofore had not been in suit. On December 2,

1988, the district court allowed the joinder of ASP as a defendant in LSI's counterclaim.

On February 21, 1989, LSI filed a motion for summary judgment, which ASP later joined, asserting that the '978 and '400 patents were invalid and not infringed, and that Katz had no standing to sue on them. The district court granted LSI's motion for summary judgment solely on the basis that Katz lacked standing, and did not decide the issues of validity and infringement. The district court then dismissed the remaining cross-claims, [FN3] and counterclaims, except for the counterclaim of invalidity by LSI against ASP. As to that counterclaim, the district court entered judgment against ASP finding that

ASP had admitted the patents' invalidity. [FN4] This appeal followed.

II.

A. The question of Katz's ownership of the patents in this case is one of his standing to sue. As such, Katz's ownership is a prerequisite to the subject matter jurisdiction of the district court. See Lujan v. Defenders of Wildlife, 112 S.Ct. 2130, 2136 (1992). "The party invoking federal jurisdiction bears the burden of establishing [the] elements" of standing. Id. Thus in this case, where LSI moved for summary judgment of no standing, the underlying substantive burden of persuasion is on the nonmoving party, Katz.

Summary judgment is appropriate when "there is no genuine issue as to any mate-

rial fact and ... the moving party is entitled to a judgment as a matter of law." Fed.R.Civ.P. 56(c).

The movant bears the burden of demonstrating absence of all genuine issues of material fact[.] [T]he district court must view the evidence in a light most favorable to the nonmovant and draw all reasonable inferences in its favor, and must resolve all doubt over factual issues in favor of the [nonmovant]. SRI Int'l v. Matsushita Elec. Corp. of Am., 775 F.2d 1107, 1116, 227 USPQ 577, 581-82 (Fed.Cir.1985) (in banc) (citations omitted). The movant may "affirmatively demonstrate that there is no evidence in the record to support a judgment for the nonmoving party." Celotex Corp. v. Catrett, 477 U.S. 317, 331, 332 (1986)

(Brennan, J., dissenting). That being done, the nonmoving party "can no longer rest on ... 'mere allegations,' but must 'set forth' by affidavit or other evidence 'specific facts.' " Lujan, 112 S.Ct. at 2137. This evidence must be such that a reasonable factfinder could find in favor of the nonmovant in view of its burden of persuasion. Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 252 (1986). We review the grant of summary judgment de novo. Vas-Cath Inc. v. Mahurkar, 935 F.2d 1555, 1560, 19 USPQ2d 1111, 1114 (Fed.Cir.1991).

The district court granted summary judgment that Katz has no standing to sue LSI, holding that Theodore assigned his patent rights in writing to ASP, placing legal and equitable title to the patents in ASP, prior to assigning the patent

rights to Katz, and that Katz could not rely on 35 U.S.C. § 261 to void the unrecorded Theodore-ASP assignment because, as a matter of law, Katz was not without notice of it. As a result, ASP not Katz has title to the patents.

Katz argues that the district court erred in granting summary judgment because a genuine issue of fact exists first as to whether Katz had notice of the earlier assignment within the meaning of 35 U.S.C. § 261. [FN5] Katz relies solely on the following two factual assertions made in his affidavit: first, Katz swears he had no actual notice of the first amendment to the Theodore-ASP exclusive license agreement; and second, he swears that in anticipation of purchasing the patents at

issue, he searched the records of the PTO and found nothing about the patents.

Accepting these assertions as fact, as we must on summary judgment, we are nonetheless convinced that the district court correctly concluded under all of the undisputed facts that Katz is chargeable as a matter of law with constructive or inquiry notice of the previous assignment via the first amendment.

The "notice" of 35 U.S.C. § 261, which derives from common law and equity principles, is broader than actual notice, and includes constructive and inquiry notice. See FilmTec Corp. v. Allied-Signal Inc., 939 F.2d 1568, 1574, 19 USPQ2d 1508, 1512-13 (Fed.Cir.1991); see also Taylor Engines, Inc. v. All Steel Engines, Inc., 192 F.2d 171, 174, 92 USPQ 35, 37 (9th

Cir.1951) (the "same notice" which prevents cutting off equitable rights precludes reliance on the recordation statute); W. Rogers, Rogers on Patents 190 (1914). Thus, Katz's first assertion of fact--that he did not actually know of the first amendment--even if true, does not in itself bring him within the protection of 35 U.S.C. § 261 so as to avoid judgment as a matter of law.

The district court did not rest its determination on actual notice. The court considered the dispositive issue whether Katz is chargeable as a matter of law with constructive or inquiry notice. Katz asserts one fact to avoid such a determination--that he searched the records of the PTO and they were silent. Katz argues that "[s]ince it is well settled that 35 U.S.C.

§ 261 establishes a recording system ... Katz [by searching the records in the PTO] did exactly what was required of him in his exercise of ordinary care under the circumstances, and absent some indication, in the Patent Office records, that Theodore did not possess clear title to the patents, Katz was not obligated to make further inquiry."

We do not agree with Katz's narrow legal definition of constructive notice. Constructive notice is not limited to the notice provided by a recording system--here 35 U.S.C. § 261. Rather, constructive notice may be based on any fact within the knowledge, or means of knowledge, of the purchaser of the un-recorded assignment, and which fact should logically lead him, upon inquiry, to a

knowledge of the existence and purport of that assignment itself. A. Walker, Walker on Patents § 281 (4th ed. 1904). This includes the fact that the subsequent assignee knew at the time of purchase, yet did not inquire at all into the fact, that the prior assignee 91-1094 was making, using, or selling specimens of the invention covered by the patent involved. Id.; see CMS Indus., Inc. v. L.P.S. Int'l, Ltd., 643 F.2d 289, 294, 217 USPQ 20, 23 (5th Cir.1981) (Markey, C.J., sitting by designation) ("years of manufacturing and selling products embodying the invention" may indicate an ownership interest). "A person must use ordinary thoughtfulness and make accessible inquiries. If he does not, and avoids the inquiry, he is chargeable with the knowledge which ordinary

diligence would have elicited, and cannot be considered a bona fide purchaser." United States v. Orozco-Prada, 636 F.Supp. 1537, 1543 (S.D.N.Y.1986), aff'd, 847 F.2d 836 (2d Cir.1988) (table).

This is an extreme case. Under the undisputed facts of this case, we are convinced that the district court properly concluded that Katz should be held to inquiry notice. It is undisputed that Theodore first executed an exclusive license with ASP of the '978 and '400 patents, and then six months later assigned to ASP the patents via the first amendment; that Theodore subsequently assigned to Katz the same patents; that Katz is experienced in the business of acquisition and enforcement of patents and

his purpose in acquiring the patents at issue was to enforce them against purported infringers by litigation or threat of litigation; that Katz actually knew of the Theodore-ASP exclusive license agreement; that Katz actually knew that ASP had been manufacturing and selling products for some time which were covered by the '978 and '400 patents, and that ASP never paid any royalties as required by the exclusive license agreement (but not by the first amendment); that Katz had at least twice contacted ASP regarding the patents at issue; and that Katz had a continuing working relationship with Theodore. Conspicuously missing from Katz's defense of the summary judgment motion is any factual assertion in support of his conclusory statement that he was

unaware of the first amendment. No facts relating to the negotiations and purchase of Theodore's patents were presented, nor did Katz indicate whether he asked Theodore, or that Theodore made any representations to him, about the patents or about the extent of Theodore's contractual relationship with ASP. Also missing in Katz's response to the summary judgment motion are any facts regarding his knowledge of the extent of ASP's dealings with Theodore or whether Katz made any inquiry from ASP. Katz's argument essentially is that even under circumstances such as those present in this case no obvious questions had to be asked. We however believe, as did the district court, that a person in Katz's circumstances exercising ordinary care should have asked these min-

imal, obvious questions. Willful or careless blindness is not the sort of lack of notice that section 261 contemplates. The evidence of record therefore contains no factual dispute to preclude a determination as a matter of law that Katz should be held to constructive notice, based on a duty of inquiry, of the prior assignment. Therefore the district court did not err in holding that LSI is entitled to summary judgment on that issue.

Katz also argues that there is a genuine issue of fact as to whether ASP breached the first amendment by failing to enforce the patents against alleged infringers, which breach thereby would render the assignment ineffective and validate Theodore's later assignment to Katz. We disagree with Katz. As the district

court correctly concluded after analyzing state contract law, even if ASP was in breach of the agreement, [FN6] Theodore's proper course of conduct would have been an action for breach of contract or recision. There would be no automatic termination of the assignment. As to Theodore's purported termination of the exclusive license agreement, the first amendment gave ASP alone a right of termination; thus, Theodore's attempted unilateral termination was not within the contract and was of no legal effect. Consequently, as a matter of law, the asserted conduct of Theodore and ASP even if accepted as true could not have voided the first amendment so as to validate Theodore's subsequent assignment to Katz.

Although we agree with the district court that Katz may not rely on 35 U.S.C. § 261, and that neither Theodore's purported termination of the assignment nor ASP's failure to enforce the patent could have validated Theodore's subsequent assignment to Katz, we must nevertheless vacate the grant of summary judgment. In the district court, Katz disputed the validity of the Theodore-ASP assignment. Katz asserted that the first amendment was void for lack of consideration. According to Katz, Theodore relinquished his right to royalties in the first amendment, had no right to require enforcement of the patents, obtained no entitlement to monies collected under the patents by ASP, and furthermore was paid no money in return for the first amendment. The district

court did not consider the question whether the first amendment lacked consideration and we will not decide that question as a matter of law ab initio. We therefore leave it for remand. [FN7]

As previously noted, questions regarding the Theodore-ASP assignment implicate Katz's standing and go to the subject matter jurisdiction of the district court. Since these questions are unrelated to the merits of the Katz-LSI-ASP infringement suit, the district court may resolve them through a preliminary hearing, if these questions necessitate findings of fact, and need not leave them for full trial. See, e.g., Barrett Computer Servs., Inc. v. PDA, Inc., 884 F.2d 214, 220 (5th Cir.1989); see 13A Wright, Miller & Cooper, Federal Practice and Procedure:

Jurisdiction § 3531.15, at 99 (2d ed. 1984).

B. Having determined that remand is appropriate, the next issue is where the remand should go. After LSI defaulted [FN8] and the district court entered default, but prior to entry of judgment on the default, the New York District Court granted LSI's motion to set aside the entry of default and entertained LSI's motion to dismiss for improper venue or to transfer. The district court then analyzed the question of venue and found that venue was not properly laid in New York because LSI did not reside in New York and Katz did not show that LSI either committed acts of infringement in New York or that LSI had a regular and established place of business in New York. See 28

U.S.C. § 1400(b) (1988). Rather than dismissing the action for improper venue, the district court transferred it to the District of Massachusetts. See 28 U.S.C. § 1406(a) (1988). [FN9]

Katz does not challenge the substance of the venue determination. Instead Katz argues that LSI waived objection to venue by defaulting, and that such objection was not revived when the district court set aside the default. LSI responds, and the district court held, that no authority is inconsistent with allowing a party as a matter of course to challenge venue after the party has defaulted and the default has been set aside.

In Commercial Casualty Insurance Co. v. Consolidated Stone Co., 278 U.S. 177 (1929), the Supreme Court held that a

defendant cannot seek to vacate a default judgment on the ground that venue was improper because venue, merely a personal privilege of the defendant, is waived upon default. Per the Court, the privilege of venue "must be 'seasonably' asserted; else it is waived." Id. at 179. The Court continued: [Venue] must be asserted at latest before the expiration of the period allotted for entering a general appearance and challenging the merits.... To hold that such a privilege may be retained until after the suit has reached the stage for dealing with the merits and then be asserted would be in our opinion subversive of orderly procedure and make for harmful delay and confusion. Id. at 179-80. Although this decision antedated the current Federal Rules of Civil Procedure,

the Court has reiterated more recently that a "defendant, properly served with process by a court having subject matter jurisdiction, waives venue by failing seasonably to assert it, or even simply by making default." Hoffman v. Blaski, 363 U.S. 335, 343 (1960) (citing Commercial Ins. Co., 277 U.S. at 179-80); see also Industrial Addition Assoc. v. Commissioner of Internal Revenue, 323 U.S. 310, 313-14 (1945); Freeman v. Bee Machine Co., 319 U.S. 448, 453 (1943); Neirbo Co. v. Bethlehem Shipbuilding Corp., 308 U.S. 165, 167-68 (1939). Thus it is well established that "[v]enue is waived by a defendant who defaults." 15 Wright, Miller & Cooper, Federal Practice and Procedure: Jurisdiction § 3829 (2d ed. 1986).

The Federal Rules of Civil Procedure are consonant with the above authority. Rule 12(h)(1) provides: "A defense of ... improper venue ... is waived ... if it is neither made by motion under this rule nor included in a responsive pleading or an amendment thereof permitted ... to be made as a matter of course." And Rule 12(a) fixes the time period in which the defendant is required to respond, in this case, within 20 days after the service of the summons and complaint.

It is undisputed that LSI did not act within the 20 days provided for in Rule 12(a). Rather, LSI first responded by simply objecting to venue after the expiration of its period to respond--i.e., while it was in default, see Fed.R.Civ.P. 55(a). Then, after default had been en-

tered, LSI moved to set aside the default. LSI finally responded on the merits with a motion to dismiss for failure to state a claim over two months after defaulting and over a month after entry of default. The cases and rules make clear that in such circumstances LSI waived its objection to venue.

LSI argues that the setting aside of the default per se revived its ability to object to venue. We disagree. Under Rule 55(c), entry of default may be set aside for good cause shown and judgment of default, if it may be entered at all, see Rule 55(b), may be set aside in accordance with Rule 60. Neither Rule 55 nor Rule 60, however, expressly revives a waived objection to venue. As stated succinctly by the United States District Court for the

Southern District of Texas, "The fact that a court has allowed a party in default to proceed in the suit and answer the complaint does not automatically put the defaulting party in the position of one who is making a timely response to a complaint." Bavouset v. Shaw's of San Francisco, 43 F.R.D. 296, 299 (S.D.Tex.1967). This is as well the clear import of Rule 12(h) and the Supreme Court cases cited above.

Indeed, the Western District of New York has itself strictly applied the waiver rule in an analogous context. In Totalplan Corp. of Am. v. Lure Camera Ltd., 613 F.Supp. 451 (W.D.N.Y.1985), although the defendants had defaulted, the court refused to enter the default and permitted the defendants to continue on

the merits with motions to dismiss for failure to state a claim. Yet the court held that these defendants had waived their objection to venue: [A]n assertion of ... lack of proper venue is waived if not made prior to the time when the proponent is required to appear in response to the pleading sought to be challenged, in this case within twenty days of the service of the Summonses and Complaints as provided by rule 12(b), as the plain wording of rule 12(h)(1) indicates. Id. at 456. Accordingly, we conclude that in this case LSI waived its objection to venue, and the New York District Court erred in transferring the case under 28 U.S.C. § 1406(a) for improper venue.

On appeal, LSI does not primarily argue that it was entitled to object to

venue. Rather, in its brief, LSI stresses that it moved alternatively in the district court to transfer the case under 28 U.S.C. § 1404(a) (1988) for the "convenience of parties and witnesses, in the interest of justice." [FN10] Citing the district court's opinion, LSI states that "the New York district court refused to grant LSI's motion ... to dismiss this action for lack of venue but did grant LSI's alternative motion to transfer the action under § 1404(a) to the Massachusetts district court." (Br. for Appellees LSI at 14.) LSI then argues that Katz "bases his appeal on a false premise--that the New York district court granted LSI's motion to transfer under 28 U.S.C. § 1406.... The New York district court took no such action, granting instead LSI's alternative

motion to transfer under § 1404(a)," (id. at 28 (emphases in the original)), a transfer which could be made notwithstanding a waiver of venue.

Contrary to what LSI asserts, it is absolutely clear that the district court transferred this case under 28 U.S.C. § 1406(a) for improper venue. In its opinion, the New York District Court rejected the arguments that venue in the Western District of New York was proper or that improper venue had been waived, and stated clearly:

This action for patent infringement has been challenged on the ground that venue in this district is improper. The defendant moves for dismissal or, in the alternative, for transfer of the action to the District of Massachusetts. ....

Though venue does not exist in the Western District of New York, this Court is constrained not to dismiss the instant case but to transfer it to a district where venue is appropriate. [Emphasis added.]

Not once in its five page opinion analyzing why venue was improper in New York did the district court even mention the word, let alone analyze the factor required under section 1404(a) for transfer of, "convenience." Furthermore, the express finding by the district court that venue was improper is inconsistent with a transfer under section 1404(a) because that section applies to a transfer from a proper venue. "If venue is improper, transfer, if at all, must be under § 1406(a)." 15 Wright, Miller & Cooper,

Federal Practice and Procedure: Jurisdiction § 3844, at 332 (2d ed. 1986) (emphasis added). We find this aspect of LSI's statement of the case and argument at best uninformed and incorrect, and at worst a misrepresentation of the record below. We therefore reject LSI's argument that the district court transferred this case properly under 28 U.S.C. § 1404(a).

Accordingly, the orders of the United States District Court for the District of Massachusetts granting LSI summary judgment and of the United States District Court for the Western District of New York transferring the case are vacated, and the case is remanded to the District of Massachusetts with instructions to return the case to the Western District of New

York for further proceedings consistent with this opinion.

COSTS

Costs are awarded to Katz.

FN1. In addition, Katz appeals from the November 19, 1990 supplemental order of the Massachusetts District Court (1) entering judgment in favor of LSI on LSI's counterclaim against Armament Systems and Procedures, Inc. (ASP); and (2) denying Katz's request for sanctions under Rule 11 of the Federal Rules of Civil Procedure. As to the former, the district court by virtue of ASP's admissions declared the two patents here at issue "invalid, void and unenforceable," and not infringed. Because this judgment cannot adversely affect Katz if it is determined that Katz

owns the patents at issue, and alternatively because Katz would have no rights to assert if it is determined that ASP owns the patents at issue, we dismiss this aspect of Katz's appeal for lack of standing. See 13 Wright, Miller & Cooper, Federal Practice and Procedure: Jurisdiction ss 3531.4, 3531.9 (2d ed. 1984). As to sanctions, Katz asserts that LSI must be sanctioned for failing to affirmatively withdraw its motion to strike Katz's notice of appeal after this court decided that LSI's motion was improper. Whether or not sanctions should have been awarded in these circumstances was a discretionary matter for the district court, which we will not overturn on appeal.

FN2. See Katz v. Lear Siegler, Inc., 909 F.2d 1459, 15 USPQ2d 1554 (Fed.Cir.1990) (discussing the prior procedural history of the instant case).

FN3. As far as we can tell from the materials presented to us in this appeal, ASP asserted a cross-claim against Katz for, inter alia, invalidity of the '978 and '400 patents.

FN4. In its answer to LSI's counterclaim, ASP admitted the invalidity of the '978 and '400 patents. Later, however, the district court granted Katz's motion to strike these portions of ASP's answer. However, the district court found that ASP also admitted invalidity of the patents

when it joined LSI's summary judgment motion against Katz. We express no view as to the propriety of these procedures. See 13 Wright, Miller & Cooper, Federal Practice and Procedure: Jurisdiction § 3530, at 316 (2d ed. 1984).

FN5. 35 U.S.C. § 261 provides in pertinent part: An assignment ... shall be void as against any subsequent purchaser ... for a valuable consideration, without notice, unless it is recorded in the Patent and Trademark Office within three months from its date or prior to the date of such subsequent purchase....

FN6. We note that the first amendment gave ASP the "sole discretion" to enforce the patent.

FN7. Katz also asserts that there was fraud in the execution of the first amendment, thereby rendering it void ab initio. Although Katz's line of argument is difficult to discern, Katz appears to say that, under the first amendment, ASP had an implied obligation to act in good faith to enforce the patents and that ASP defrauded Theodore in executing the agreement because ASP never intended to enforce the patents. Moreover this argument appears to have been made to the district court, although it was not addressed in the district court's opinion. Rather than consider this argument on appeal, we leave it for the district court on remand should Katz again make it.

FN8. We note that Smith & Wesson, a division of Lear Siegler, was joined as a party defendant after the case had been transferred for improper venue. However, in arguing the venue issue on appeal, the appellees refer to themselves collectively as LSI and do not argue that our decision might have an impact on Lear Siegler different from that on Smith & Wesson. We therefore adopt their designation and discuss and treat Lear Siegler and Smith & Wesson collectively.

FN9. 28 U.S.C. § 1406 provides for a cure or waiver of defects: (a) The district court of a district in which is filed a case laying venue in the wrong division or district shall dismiss, or if it be in the interest of justice, transfer

such case to any district or division in which it could have been brought. (b) Nothing in this chapter shall impair the jurisdiction of a district court of any matter involving a party who does not interpose timely and sufficient objection to the venue. The parties do not dispute jurisdiction or venue in the District of Massachusetts.

FN10. 28 U.S.C. § 1404(a) provides for a change of venue: For the convenience of parties and witnesses, in the interest of justice, a district court may transfer any civil action to any other district or division where it might have been brought.

ORDER

Sept. 29, 1993.

A combined petition for rehearing and suggestion for rehearing in banc having been filed by the APPELLANT, and a response thereto having been invited by the court and filed by the APPELLEE, and the petition for rehearing having been referred to the panel that heard the appeal, and thereafter the suggestion for rehearing in banc and response having been rererred to the circuit judges who are in regular active service,

UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for rehearing be, and the same hereby is, GRANTED to the extent that the following language change is made to the opinion: "a company then owned by Theodore," is deleted and it is further

ORDERED that the suggestion for rehearing in banc be, and the same hereby is, DECLINED.

The mandate of the court will issue on October 20, 1993.

CIVIL ACTION NO.
87-495-F
UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS
WESTERN DIVISION

----------X

W. SIMON KATZ
Plaintiff,

against

LEAR SIEGLER, INC., and
SMITH & WESSON CORP.,
Defendants.

----------X

PLAINTIFF'S AFFIRMATION
IN SUPPORT
OF 35 U.S.C. § 261 DEFENSE

W. SIMON KATZ does hereby certify and affirm:

1. I am the plaintiff in the above captioned civil action.

2. I am fully familiar with the facts and circumstances of this case and

make this affirmation, of my personal knowledge.

3. In April, 1985, in anticipation of purchasing an assignment of certain rights and property from Paris Theodore, I made a search of the assignment records of the United States Patent and Trademark Office (hereinafter the "Patent Office") with regard to a number of United States Letters Patent including, but not limited to, United States Letters Patent No.s Des. 230,400 (hereinafter the "'400 patent"), and 3,758,978 (hereinafter the"'978 patent") (hereinafter collectively "the Patents") and found no prior assignments, of any kind, recorded as to the Patents.

4. On April 30, 1985, I purchased the Patents, as well as all rights to sue

for past and future infringement of the Patents, from Paris Theodore, the inventor and owner of the Patents, recorded in the Patent Office, for a sum of money and other good and valuable consideration.

5. The purchase, and assignments of rights in the Patents, were documented in two separate written assignments, (hereinafter "the assignments") each of which was signed by Theodore and certified by the hand and seal of a person authorized to administer oaths within the State of New York, as described in 35 U.S.C. § 261.

6. Attached hereto and made a part hereof, by reference, are true copies of those assignments. (Exhibit "1".)

7. At the time I purchased the Patents, and the right to sue for past and future infringement, from Theodore, I had no notice of the so-called first amendment to the license agreement between ASP and Theodore, and I had no notice of any exclusive grant, to ASP or anyone other person, of the right to sue for past or future infringement with regard to the Patents.

8. On May 29, 1985, I caused these assignments to be recorded in the Patent Office pursuant to 35 U.S.C. § 261.

9. I was thereafter advised by the Patent Office that the assignments had been recorded at reel 4406 frame 680 and reel 4452 frame 507, respectively in the assignment records of the Patent Office

and that the assignments were the only assignments recorded in the Patent Office as to the Patents.

10. I first became aware of the so-called first amendment to the agreement of June 15, 1978, between ASP and Theodore, when it was presented in support of a motion for summary judgment in the course of a civil action for damages resulting from infringement of the Patents, filed my me after the assignments, entitled Katz v. Male-Town Inc.

11. I have carefully reviewed the ASP license, dated June 15, 1978, and the so-called first amendment, dated December 1, 1978, both of which were, again, presented as part of defendant Lear Siegler's

summary judgment motion in the instant civil action for patent infringement.

12. It is noted that neither the ASP license, dated June 15, 1978, or the so-called first amendment, dated December 1, 1978, were certified under the hand and seal of a person authorized to administer oaths as provided for under 35 U.S.C. § 261.

13. It is, further, noted that neither the ASP license, dated June 15, 1978, and the so-called first amendment, dated December 1, 1978, show any evidence that either document was ever recorded in the Patent Office, as provided for under 35 U.S.C. § 261.

14. I declare under penalty of perjury that the foregoing is true and correct.

Executed on: July 25, 1990

/S/ W. Simon Katz

W. Simon Katz

UNITED STATES CODE ANNOTATED
TITLE 35. PATENTS
PART III--PATENTS AND PROTECTION OF PATENTS RIGHTS
CHAPTER 26--OWNERSHIP AND ASSIGNMENT
§ 261. Ownership; assignment

Subject to the provisions of this title, patents shall have the attributes of personal property.

Applications for patent, patents, or any interest therein, shall be assignable in law by an instrument in writing. The applicant, patentee, or his assigns or legal representatives may in like manner grant and convey an exclusive right under his application for patent, or patents, to the whole or any specified part of the United States.

A certificate of acknowledgment under the hand and official seal of a person authorized to administer oaths within the

United States, or, in a foreign country, of a diplomatic or consular officer of the United States or an officer authorized to administer oaths whose authority is proved by a certificate of a diplomatic or consular officer of the United States, or apostille of an official designated by a foreign country which, by treaty or convention, accords like effect to apostilles of designated officials in the United States, shall be prima facie evidence of the execution of an assignment, grant or conveyance of a patent or application for patent.

An assignment, grant or conveyance shall be void as against any subsequent purchaser or mortgagee for a valuable consideration, without notice, unless it is recorded in the Patent and Trademark

Office within three months from its date or prior to the date of such subsequent purchase or mortgage.